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(Original Signature of Member)

117TH CONGRESS
2D SESSION

H. R. _____

To amend the Higher Education Act of 1965 in order to increase usage of the Federal student loan income-based repayment plan and improve repayment options for borrowers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. DELAURO introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Higher Education Act of 1965 in order to increase usage of the Federal student loan income-based repayment plan and improve repayment options for borrowers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Affordable Loans for Any Student Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
Sec. 2. References in Act.

TITLE I—SIMPLIFYING REPAYMENT PLANS

- Sec. 101. Income-based repayment plan.
Sec. 102. Fixed repayment plan.
Sec. 103. Termination of certain repayment plan options.
Sec. 104. Providing incentives to switch into simplified repayment plans.
Sec. 105. Study and procedures on determining family size.

TITLE II—ENDING INTEREST CAPITALIZATION AND ORIGINATION FEES

- Sec. 201. Ending interest capitalization for federal direct loans.
Sec. 202. Elimination of origination fees for federal direct loans.

TITLE III—PROVIDING ASSISTANCE IN SITUATIONS OF BORROWER DISTRESS

- Sec. 301. Limits on seizing income for debt.
Sec. 302. Allowing for multiple loan rehabilitations.
Sec. 303. Pause payment process.
Sec. 304. Automatic enrollment into income-based repayment for borrowers who are delinquent on loans and for borrowers who rehabilitate defaulted loans.
Sec. 305. Separating joint consolidation loans.
Sec. 306. Removing the collection cost requirement.

TITLE IV—IMPROVING LOAN INFORMATION AND COUNSELING

- Sec. 401. Student loan contract; simplifying loan disclosures.
Sec. 402. Pre-loan information and counseling requirements.
Sec. 403. Exit counseling.
Sec. 404. Online counseling tools.
Sec. 405. Private education loan certification and information.

TITLE V—EFFECTIVE DATE; TRANSITION; IMPLEMENTATION

- Sec. 501. Effective date; rulemaking regarding termination of certain repayment termination of certain repayment plans; implementation.

1 **SEC. 2. REFERENCES IN ACT.**

2 Except as otherwise expressly provided in this Act,
3 wherever an amendment or repeal is expressed in terms
4 of an amendment to or repeal of a section or other provi-
5 sion, the reference shall be considered to be made to that
6 section or other provision of the Higher Education Act of
7 1965 (20 U.S.C. 1001 et seq.).

1 **TITLE I—SIMPLIFYING**
2 **REPAYMENT PLANS**

3 **SEC. 101. INCOME-BASED REPAYMENT PLAN.**

4 Section 493C (20 U.S.C. 1098e) is amended to read
5 as follows:

6 **“SEC. 493C. INCOME-BASED REPAYMENT.**

7 “(a) DEFINITIONS.—In this section:

8 “(1) EXCEPTED PLUS LOAN.—The term ‘ex-
9 cepted PLUS loan’ means a loan under section
10 428B, or a Federal Direct PLUS Loan, that is
11 made, insured, or guaranteed on behalf of a depend-
12 ent student.

13 “(2) EXCEPTED CONSOLIDATION LOAN.—The
14 term ‘excepted consolidation loan’ means a consoli-
15 dation loan under section 428C, or a Federal Direct
16 Consolidation Loan, if the proceeds of such loan
17 were used to the discharge the liability on an ex-
18 cepted PLUS loan.

19 “(3) PARTIAL FINANCIAL HARDSHIP.—The
20 term ‘partial financial hardship’, when used with re-
21 spect to a borrower, means that for such borrower—

22 “(A) the annual amount due on the total
23 amount of loans made, insured, or guaranteed
24 under part B or D (other than an excepted
25 PLUS loan or excepted consolidation loan) to a

1 borrower as calculated under the standard re-
2 payment plan under section 428(b)(9)(A)(i) or
3 455(d)(1)(A), based on a 10-year repayment
4 period; exceeds

5 “(B) 15 percent of the result obtained by
6 calculating, on at least an annual basis, the
7 amount by which—

8 “(i) the borrower’s, and the bor-
9 rower’s spouse’s (if applicable), adjusted
10 gross income; exceeds

11 “(ii) 150 percent of the poverty line
12 applicable to the borrower’s family size as
13 determined under section 673(2) of the
14 Community Services Block Grant Act (42
15 U.S.C. 9902(2)).

16 “(b) INCOME-BASED REPAYMENT PROGRAM FOR
17 BORROWERS WHO ENTER INCOME-BASED REPAYMENT
18 BEFORE JULY 1, 2022.—Notwithstanding any other pro-
19 vision of this Act, the Secretary shall carry out a program
20 under which—

21 “(1) a borrower of any loan made, insured, or
22 guaranteed under part B or D (other than an ex-
23 cepted PLUS loan or excepted consolidation loan)
24 who has a partial financial hardship (whether or not
25 the borrower’s loan has been submitted to a guar-

1 anty agency for default aversion or had been in de-
2 fault) may elect, during any period the borrower has
3 the partial financial hardship, to have the borrower's
4 aggregate monthly payment for all such loans not
5 exceed the result described in subsection (a)(3)(B)
6 divided by 12;

7 “(2) the holder of such a loan shall apply the
8 borrower's monthly payment under this subsection
9 first toward interest due on the loan, next toward
10 any fees due on the loan, and then toward the prin-
11 cipal of the loan;

12 “(3) any interest due and not paid under para-
13 graph (2)—

14 “(A) shall, on subsidized loans, be paid by
15 the Secretary for a period of not more than 3
16 years after the date of the borrower's election
17 under paragraph (1); and

18 “(B) beginning on the effective date of the
19 Affordable Loans for Any Student Act, for an
20 eligible loan made, insured, or guaranteed
21 under this title, shall not be capitalized and
22 shall be added to the balance of interest due for
23 the loan;

24 “(4) any principal due and not paid under
25 paragraph (2) shall be deferred;

1 “(5) the amount of time the borrower makes
2 monthly payments under paragraph (1) may exceed
3 10 years;

4 “(6) if the borrower no longer has a partial fi-
5 nancial hardship or no longer wishes to continue the
6 election under this subsection, then—

7 “(A) the maximum monthly payment re-
8 quired to be paid for all loans made to the bor-
9 rower under part B or D (other than an ex-
10 cepted PLUS loan or excepted consolidation
11 loan) shall not exceed the monthly amount cal-
12 culated under section 428(b)(9)(A)(i) or
13 455(d)(1)(A), based on a 10-year repayment
14 period, when the borrower first made the elec-
15 tion described in this subsection; and

16 “(B) the amount of time the borrower is
17 permitted to repay such loans may exceed 10
18 years;

19 “(7) the Secretary shall repay or cancel any
20 outstanding balance of principal and interest due on
21 all loans made under part B or D (other than a loan
22 under section 428B or a Federal Direct PLUS
23 Loan) to a borrower who—

1 “(A) at any time, elected to participate in
2 income-based repayment under paragraph (1);
3 and

4 “(B) for a period of time prescribed by the
5 Secretary, not to exceed 25 years, meets 1 or
6 more of the following requirements—

7 “(i) has made reduced monthly pay-
8 ments under paragraph (1) or paragraph
9 (6);

10 “(ii) has made monthly payments of
11 not less than the monthly amount cal-
12 culated under section 428(b)(9)(A)(i) or
13 455(d)(1)(A), based on a 10-year repay-
14 ment period, when the borrower first made
15 the election described in this subsection;

16 “(iii) has made payments of not less
17 than the payments required under a stand-
18 ard repayment plan under section
19 428(b)(9)(A)(i) or 455(d)(1)(A) with a re-
20 payment period of 10 years;

21 “(iv) has made payments under an in-
22 come-contingent repayment plan under sec-
23 tion 455(d)(1)(D); or

1 “(v) has been in deferment due to an
2 economic hardship described in section
3 435(o);

4 “(8) a borrower who is repaying a loan made
5 under part B or D pursuant to income-based repay-
6 ment may elect, at any time, to terminate repayment
7 pursuant to income-based repayment and repay such
8 loan under the fixed repayment plan under section
9 493E; and

10 “(9) the special allowance payment to a lender
11 calculated under section 438(b)(2)(I), when cal-
12 culated for a loan in repayment under this section,
13 shall be calculated on the principal balance of the
14 loan and on any accrued interest unpaid by the bor-
15 rower in accordance with this section.

16 “(c) INCOME-BASED REPAYMENT PROGRAM FOR
17 BORROWERS WHO ENTER INCOME-BASED REPAYMENT
18 ON OR AFTER JULY 1, 2022.—

19 “(1) IN GENERAL.—Notwithstanding any other
20 provision of this section, the provisions of this sub-
21 section shall apply—

22 “(A) with respect to any loan made, in-
23 sured, or guaranteed under this title for which
24 the borrower enters repayment on or after July
25 1, 2022, and for which the borrower elects the

1 income-based repayment plan under this sec-
2 tion; and

3 “(B) with respect to any loan made, in-
4 sured, or guaranteed under this title for which
5 the borrower enrolled in an income-based repay-
6 ment plan before July 1, 2022, if such borrower
7 elects to enter the income-based repayment plan
8 under this subsection, in accordance with para-
9 graph (3).

10 “(2) SPECIAL TERMS.—With respect to a loan
11 described in paragraph (1), the following terms shall
12 apply to the income-based repayment plan carried
13 out under this section:

14 “(A)(i) Notwithstanding subsection
15 (a)(3)(B), (b), or (e)—

16 “(I) the annual repayment amount
17 under this subsection—

18 “(aa) with respect to a borrower
19 whose (and whose spouse’s, if applica-
20 ble) adjusted gross income equals or
21 exceeds 1,300 percent of the poverty
22 line that is applicable to the bor-
23 rower’s family size as determined
24 under section 673(2) of the Commu-
25 nity Services Block Grant Act (42

1 U.S.C. 9902(2)) shall be an amount
2 equal to 10 percent of such adjusted
3 gross income;

4 “(bb) with respect to a borrower
5 whose (and whose spouse’s, if applica-
6 ble) adjusted gross income equals or
7 exceeds 800 percent of the poverty
8 line but is less than 1,300 percent of
9 the poverty line that is applicable to
10 the borrower’s family size as deter-
11 mined under section 673(2) of the
12 Community Services Block Grant Act
13 (42 U.S.C. 9902(2)) shall be equal to
14 the amount determined under clause
15 (ii)(I);

16 “(cc) with respect to a borrower
17 whose (and whose spouse’s, if applica-
18 ble) adjusted gross income exceeds
19 250 percent of the poverty line but is
20 less than 800 percent of the poverty
21 line that is applicable to the bor-
22 rower’s family size as determined
23 under section 673(2) of the Commu-
24 nity Services Block Grant Act (42
25 U.S.C. 9902(2)) shall be equal to the

1 amount determined under clause
2 (ii)(II); and

3 “(dd) with respect to a borrower
4 whose (and whose spouse’s, if applica-
5 ble) adjusted gross income equals or
6 is less than 250 percent of the poverty
7 line that is applicable to the bor-
8 rower’s family size as determined
9 under section 673(2) of the Commu-
10 nity Services Block Grant Act (42
11 U.S.C. 9902(2)) shall be an amount
12 equal to 0 percent of such adjusted
13 gross income; and

14 “(II) a borrower’s monthly payment
15 shall be determined in accordance with
16 subclause (I) divided by 12, which amount
17 may exceed the monthly repayment
18 amount under a standard 10-year repay-
19 ment plan or a fixed repayment plan de-
20 scribed in section 493E.

21 “(ii)(I)(aa) For purposes of clause
22 (i)(I)(bb), the annual repayment amount for
23 borrowers described in such clause shall be an
24 amount equal to 10 percent of the result ob-

1 tained by calculating, on at least an annual
2 basis, the amount by which—

3 “(AA) the borrower’s, and the bor-
4 rower’s spouse’s (if applicable), adjusted
5 gross income; exceeds

6 “(BB) the percent determined under
7 item (bb) of the poverty line that is appli-
8 cable to the borrower’s family size as de-
9 termined under section 673(2) of the Com-
10 munity Services Block Grant Act (42
11 U.S.C. 9902(2)).

12 “(bb) The percent shall be determined
13 under this item as follows:

14 “(AA) If the borrower’s, and the bor-
15 rower’s spouse’s (if applicable), adjusted
16 gross income equals 800 percent of the
17 poverty line that is applicable to the bor-
18 rower’s family size as determined under
19 section 673(2) of the Community Services
20 Block Grant Act (42 U.S.C. 9902(2)), the
21 percent shall be equal to 250 percent.

22 “(BB) If the borrower’s, and the bor-
23 rower’s spouse’s (if applicable), adjusted
24 gross income exceeds 800 percent of the
25 poverty line but is less than 1,300 percent

1 of the poverty line that is applicable to the
2 borrower's family size as determined under
3 section 673(2) of the Community Services
4 Block Grant Act (42 U.S.C. 9902(2)), the
5 percent shall be equal to 250 percent re-
6 duced by 0.5 percentage points for every 1
7 percentage point increase in the bor-
8 rower's, and the borrower's spouse's (if ap-
9 plicable), adjusted gross income that is
10 more than 800 percent.

11 “(II) For purposes of clause (i)(I)(cc), the an-
12 nual repayment amount for borrowers described in
13 such clause shall be an amount equal to 10 percent
14 of the result obtained by calculating, on at least an
15 annual basis, the amount by which—

16 “(aa) the borrower's, and the borrower's
17 spouse's (if applicable), adjusted gross income;
18 exceeds

19 “(bb) 250 percent of the poverty line that
20 is applicable to the borrower's family size as de-
21 termined under section 673(2) of the Commu-
22 nity Services Block Grant Act (42 U.S.C.
23 9902(2)).

1 “(B) Notwithstanding subsection (e)(2), sub-
2 section (b)(7)(B) shall be applied by substituting ‘20
3 years’ for ‘25 years’.

4 “(C) Notwithstanding subparagraph (A) of sub-
5 section (b)(6), a borrower of such a loan shall not
6 be required to have a partial financial hardship and
7 may elect, and remain enrolled in, the income-based
8 repayment plan under this section regardless of in-
9 come level, with the repayment amount calculated
10 under subparagraph (A).

11 “(D) Notwithstanding subsection (b), a bor-
12 rower of an excepted PLUS loan or excepted consoli-
13 dation loan may elect the income-based repayment
14 plan under this subsection for the excepted PLUS
15 loan or excepted consolidation loan, and the Sec-
16 retary shall treat such loan, only for the purposes of
17 the repayment terms, as a Federal Direct PLUS
18 Loan issued to a student borrower. The Secretary
19 may issue rules and regulations, as the Secretary de-
20 termines necessary, regarding the treatment of ex-
21 cepted PLUS loans or excepted consolidation loans
22 that are to be repaid under an income- based repay-
23 ment plan under this subsection.

24 “(3) RULE FOR BORROWERS IN INCOME-BASED
25 REPAYMENT BEFORE JULY 1, 2022.—A borrower of

1 a loan made, insured, or guaranteed under this title
2 who enrolled in an income-based repayment plan be-
3 fore July 1, 2022, may choose to retain such repay-
4 ment plan or elect to enter an income-based repay-
5 ment plan under this subsection or a fixed repay-
6 ment plan described in section 493E, as provided in
7 section 428(b)(1)(D)(ii) or section 455(d)(7) (as ap-
8 plicable).

9 “(4) INTEREST ACCRUAL.—Notwithstanding
10 any other provision of this Act, if a borrower’s
11 monthly payment for a loan under an income-based
12 repayment plan under this subsection is insufficient
13 to pay the accrued interest on the borrower’s loan
14 for such month, any interest due and not paid on
15 the loan for that month shall be paid or forgiven by
16 the Secretary.

17 “(5) WRITTEN, ELECTRONIC, OR VERBAL EN-
18 ROLLMENT IN INCOME-BASED REPAYMENT.—

19 “(A) IN GENERAL.—A borrower of a loan
20 made under this part may elect to repay such
21 loan under the income-based repayment plan
22 under this subsection by providing written, elec-
23 tronic, or verbal notice to the Secretary of the
24 borrower’s desire to make such election, subject
25 to subparagraph (C).

1 “(B) USE OF INFORMATION.—

2 “(i) IN GENERAL.—The estimated
3 monthly payment amount under this sec-
4 tion for a loan for a borrower who makes
5 an election described in subparagraph (A)
6 shall be immediately calculated using the
7 income and family size information pro-
8 vided through the borrower’s written, elec-
9 tronic, or verbal statement.

10 “(ii) VERIFICATION.—The informa-
11 tion described in clause (i) shall be verified
12 by the Secretary not later than 90 days
13 after the date the borrower states such in-
14 come and family size information. If the
15 Secretary is unable to verify the informa-
16 tion by the end of the 90-day period, the
17 borrower’s payment after such 90-day pe-
18 riod will be the amount applicable under
19 the fixed repayment plan under section
20 493E.

21 “(iii) ADJUSTMENT IF NECESSARY.—
22 Upon verification by the Secretary under
23 clause (ii), the Secretary shall adjust the
24 estimated monthly payment described in
25 clause (i) based on the verified income and

1 family size information of the borrower, if
2 necessary. Any adjusted monthly payment
3 shall take effect beginning with the pay-
4 ment due not less than 60 days after the
5 Secretary notifies the borrower of the ad-
6 justed amount. The Secretary shall con-
7 sider any payments made prior to the ad-
8 justed monthly payment as having satisfied
9 the amount due to qualify toward loan can-
10 cellation or forgiveness options under this
11 title.

12 “(C) LIMITATION.—The Secretary shall
13 permit a borrower to make an election of in-
14 come-based repayment in the written, elec-
15 tronic, or verbal manner described in subpara-
16 graph (A) only in connection with the first in-
17 stance of each of the following:

18 “(i) The borrower’s selection of a re-
19 payment plan during the grace period for
20 such loan.

21 “(ii) The borrower changing from the
22 fixed repayment plan under section 493E
23 to income-based repayment.

1 “(iii) The borrower’s failure to com-
2 plete the verification process described in
3 subparagraph (B)(ii).

4 “(iv) The borrower’s failure to recer-
5 tify enrollment in income-based repayment
6 under this subsection.

7 “(d) CALCULATION OF ADJUSTED GROSS INCOME
8 FOR MARRIED BORROWERS.—The Secretary shall cal-
9 culate the adjusted gross income of a married borrower
10 under this section—

11 “(1) in the case of a married borrower and
12 spouse who jointly file a Federal income tax return,
13 based on the adjusted gross income of the borrower
14 and spouse as reported on the Federal income tax
15 return; and

16 “(2) in the case of a married borrower who files
17 a Federal income tax return separately from the
18 borrower’s spouse, based on the sum of the adjusted
19 gross income of the borrower and the spouse, as re-
20 ported on the applicable Federal income tax returns,
21 unless the borrower certifies, on a form approved by
22 the Secretary, that the borrower is—

23 “(A) separated from the borrower’s spouse;
24 or

1 “(B) unable to reasonably access the in-
2 come information of the borrower’s spouse.

3 “(e) SPECIAL TERMS FOR NEW BORROWERS ON AND
4 AFTER JULY 1, 2014.—With respect to any loan made
5 to a new borrower on or after July 1, 2014—

6 “(1) subsection (a)(3)(B) shall be applied by
7 substituting ‘10 percent’ for ‘15 percent’; and

8 “(2) subsection (b)(7)(B) shall be applied by
9 substituting ‘20 years’ for ‘25 years’.

10 “(f) ELIGIBILITY DETERMINATIONS AND AUTOMATIC
11 RECERTIFICATION.—

12 “(1) IN GENERAL.—Beginning as soon as the
13 Secretary determines practicable after the Secretary
14 finalizes the procedures under section 105 of the Af-
15 fordable Loans for Any Student Act, the Secretary
16 shall establish and implement, with respect to any
17 borrower described in paragraph (2), procedures
18 to—

19 “(A) obtain (for each year of repayment
20 and without further action by the borrower)
21 such information as is reasonably necessary re-
22 garding the income of such borrower (and the
23 borrower’s spouse, if applicable), for the pur-
24 pose of determining the repayment obligation of
25 the borrower for such year, including informa-

1 tion with respect to the borrower’s family size
2 in accordance with the procedures under such
3 section 105, subject to subparagraph (B);

4 “(B) allow the borrower, at any time, to
5 opt out of subparagraph (A) and prevent the
6 Secretary from obtaining information under
7 such subparagraph without further action by
8 the borrower;

9 “(C) provide the borrower with an oppor-
10 tunity to update the information obtained under
11 subparagraph (A) before the determination of
12 the annual repayment obligation of the bor-
13 rower; and

14 “(D) in the case of a borrower for whom
15 adjusted gross income can be obtained under
16 this subsection and meets the qualifications of
17 a payment amount of \$0, ensure that the bor-
18 rower will not be required to provide the Sec-
19 retary with other documentation of income and
20 provide the borrower with a calculated monthly
21 payment of \$0.

22 “(2) APPLICABILITY.—

23 “(A) IN GENERAL.—Paragraph (1) shall
24 apply to each borrower of a loan made under
25 this part who, on or after the date on which the

1 Secretary establishes procedures under such
2 paragraph—

3 “(i) selects, or for whom the Secretary
4 selected under subparagraphs (C) or (D)
5 of paragraph (8), or paragraph (9), of sub-
6 section (d), or section 428(m)(1), an in-
7 come-based repayment plan; or

8 “(ii) recertifies income and family size
9 under such plan.

10 “(B) ELIGIBILITY EXCEPTION.—A bor-
11 rower for whom adjusted gross income is un-
12 available because the borrower has been granted
13 an extension on filing the borrower’s income
14 taxes or is undergoing an audit or examination
15 by the Internal Revenue Service shall not auto-
16 matically be eligible for the calculated monthly
17 payment of \$0 in accordance with paragraph
18 (1)(D) during such period. When the extension,
19 audit, or examination is completed, the Sec-
20 retary shall resume consideration of the bor-
21 rower for automatic recertification under the
22 procedures described in paragraph (1), includ-
23 ing subparagraph (D) of such paragraph (if ap-
24 plicable).

1 “(3) AVAILABILITY OF RETURNS AND RETURN
2 INFORMATION.—Returns and return information (as
3 defined in section 6103 of the Internal Revenue
4 Code of 1986) may be obtained under paragraph
5 (1)(A) only to the extent authorized by section
6 6103(l)(13) of such Code.”.

7 **SEC. 102. FIXED REPAYMENT PLAN.**

8 Part G of title IV (20 U.S.C. 1088 et seq.) is amend-
9 ed by adding at the end the following:

10 **“SEC. 493E. FIXED REPAYMENT PLAN.**

11 “(a) IN GENERAL.—A borrower of a loan made under
12 part D on or after July 1, 2022, and a borrower who is
13 in repayment on a loan made, insured, or guaranteed
14 under part B or D before July 1, 2022, may elect to repay
15 such loan under the fixed repayment plan described in this
16 section.

17 “(b) FIXED REPAYMENT PLAN.—Under the fixed re-
18 payment plan, a borrower shall repay each loan described
19 in subsection (a) with a fixed monthly repayment amount
20 paid over a period of 10 years, subject to subsection (c).

21 “(c) SPECIAL RULES.—

22 “(1) MINIMUM.—If a borrower’s monthly pay-
23 ment under this section (except for the final pay-
24 ment on the loan) is less than \$25, the Secretary

1 shall establish the borrower’s monthly payment as
2 \$25.

3 “(2) ALTERNATIVE MINIMUM PAYMENTS.—Not-
4 withstanding paragraph (1), the Secretary may ac-
5 cept an alternative minimum payment amount,
6 which may include an amount of less than \$25, to
7 account for a borrower’s exceptional cir-
8 cumstances.”.

9 **SEC. 103. TERMINATION OF CERTAIN REPAYMENT PLAN**
10 **OPTIONS.**

11 (a) FFEL PROGRAM REPAYMENT PLAN OPTIONS.—
12 Section 428(b) (20 U.S.C. 1078(b)) is amended—

13 (1) in paragraph (1)—

14 (A) in subparagraph (D)—

15 (i) in clause (ii), by striking “may an-
16 nually change the selection of a repayment
17 plan under this part,” and inserting “may
18 at any time on or after July 1, 2022,
19 change the selection of a repayment plan
20 under this part or part G to one of the 2
21 repayment plans described in paragraph
22 (9)(C),”; and

23 (ii) in clause (iii), by inserting “or, in
24 the case of a default that occurs on or
25 after July 1, 2022, be subject to income-

1 based repayment in accordance with sec-
2 tion 493C(c)” before the semicolon at the
3 end;

4 (B) in subparagraph (E)(i), by striking
5 “the option of repaying the loan in accordance
6 with a standard, graduated, income-sensitive, or
7 extended repayment schedule (as described in
8 paragraph (9)) established by the lender in ac-
9 cordance with regulations of the Secretary;
10 and” and inserting “the option of repaying the
11 loan in accordance with an applicable repay-
12 ment plan described in paragraph (9)(C)”;

13 (C) by striking subparagraph (L); and

14 (2) in paragraph (9)—

15 (A) in subparagraph (A)—

16 (i) in the subparagraph heading, by
17 inserting “BEFORE JULY 1, 2022” after
18 “SELECTION”; and

19 (ii) in the matter preceding clause

20 (i)—

21 (I) by inserting “or subparagraph
22 (C), as applicable,” after “this sub-
23 paragraph”; and

1 (II) by striking “The borrower”
2 and inserting “Before July 1, 2022,
3 the borrower”;

4 (B) in subparagraph (B), by inserting be-
5 fore the period at the end “or, for a borrower
6 entering repayment on or after July 1, 2022,
7 the lender shall provide the borrower with the
8 fixed repayment plan described in section
9 493E”; and

10 (C) by adding at the end the following:

11 “(C) SELECTION OF REPAYMENT PLANS
12 ON AND AFTER JULY 1, 2022.—Notwithstanding
13 any other provision of law, and in accordance
14 with regulations promulgated, beginning on
15 July 1, 2022, a lender shall offer a borrower of
16 a loan made, insured, or guaranteed under this
17 part the opportunity to change repayment plans
18 at any time on or after July 1, 2022, and then
19 not more than once per calendar year there-
20 after. The borrower may choose between the
21 following repayment plans:

22 “(i) A fixed repayment plan described
23 in section 493E.

24 “(ii) The income-based repayment
25 plan under section 493C(c).”.

1 (b) FEDERAL DIRECT LOAN PROGRAM REPAYMENT
2 PLAN OPTIONS.—Section 455(d) (20 U.S.C.1087e(d)) is
3 amended—

4 (1) by redesignating paragraphs (2) through
5 (5) as paragraphs (3) through (6), respectively;
6 (2) in paragraph (1)—

7 (A) in the paragraph heading, by inserting
8 “BEFORE JULY 1, 2022” after “SELECTION”;
9 and

10 (B) in the matter preceding subparagraph
11 (A), by inserting “that enters repayment before
12 July 1, 2022,” before “a variety”;

13 (3) by inserting after paragraph (1) the fol-
14 lowing:

15 “(2) DESIGN AND SELECTION BEGINNING JULY
16 1, 2022.—

17 “(A) IN GENERAL.—Notwithstanding para-
18 graph (1), for any borrower of a loan made
19 under this part that enters repayment on or
20 after July 1, 2022, and for any borrower sub-
21 ject to paragraph (7), the Secretary shall offer
22 the borrower a choice between the following 2
23 plans for repayment of such loan, including
24 principal and interest on the loan. The borrower
25 may choose—

1 “(i) a fixed repayment plan described
2 in section 493E; or

3 “(ii) an income-based repayment plan
4 under section 493C(c).

5 “(B) ACCELERATION.—A borrower in re-
6 payment shall be entitled to accelerate, without
7 penalty, repayment on the borrower’s loans
8 under this part.

9 “(C) SELECTION BY THE SECRETARY.—If
10 a borrower of a loan made under this part that
11 enters repayment on or after July 1, 2022, does
12 not select a repayment plan described in sub-
13 paragraph (A) before the first payment on such
14 loan is due, the Secretary shall provide the bor-
15 rower with a fixed repayment plan described in
16 section 493E.

17 “(D) CHANGES IN SELECTIONS.—A bor-
18 rower of a loan made under this part that en-
19 ters repayment or on after July 1, 2022, may
20 change the borrower’s selection of a repayment
21 plan in accordance with subparagraphs (B) and
22 (C) of paragraph (7).

23 “(E) BORROWER IN DEFAULT.—Beginning
24 on July 1, 2022, in lieu of the requirements of
25 paragraph (6), the Secretary may require any

1 borrower who has defaulted on a loan made
2 under this part on or after July 1, 2022, to
3 repay the loan pursuant to an income-based re-
4 payment plan under section 493C(c).”; and
5 (4) by adding at the end the following:

6 “(7) BORROWERS OF LOANS MADE BEFORE
7 JULY 1, 2022.—A borrower who is in repayment on
8 a loan made under this part before July 1, 2022—

9 “(A) may choose to retain the repayment
10 plan that the borrower was enrolled in on the
11 day before such date;

12 “(B) may elect to—

13 “(i) enter an income-based repayment
14 plan under section 493C(c);

15 “(ii) enter a fixed repayment plan de-
16 scribed in section 493E; or

17 “(iii) switch between the repayment
18 plans described in clauses (i) and (ii);

19 “(C) after switching to a repayment plan
20 described in clause (i) or (ii) of subparagraph
21 (B), shall not be permitted to select a repay-
22 ment plan not described in subparagraph (B)
23 for the loan; and

24 “(D) shall retain, for purposes of repay-
25 ment or cancellation of any outstanding balance

1 of principal and interest due on a loan (as de-
2 scribed in section 493C(b)(7)), any payments
3 on such loan under another income-based or in-
4 come contingent repayment plan under this title
5 that would otherwise be qualifying.”.

6 (c) CONFORMING AMENDMENT.—Section
7 433(b)(7)(B) (20 U.S.C. 1083(b)(7)(B)) is amended by
8 striking “on a standard repayment plan” and inserting “,
9 in the case of a borrower who has not selected a repayment
10 plan, on the repayment plan designated under subpara-
11 graph (B) of section 428(b)(9)”.

12 **SEC. 104. PROVIDING INCENTIVES TO SWITCH INTO SIM-**
13 **PLIFIED REPAYMENT PLANS.**

14 (a) ENABLING CONSOLIDATION IN ORDER TO SIM-
15 PLIFY REPAYMENT.—Section 455(g) (20 U.S.C.
16 1087e(g)) is amended—

17 (1) by striking “A borrower of” and inserting
18 the following:

19 “(1) IN GENERAL.—A borrower of”;

20 (2) by striking the second sentence; and

21 (3) by adding at the end the following:

22 “(2) ELIGIBILITY.—To be eligible for a Federal
23 Direct Consolidation Loan under this part, a bor-
24 rower shall meet the eligibility criteria set forth in
25 section 428C(a)(3), except that, notwithstanding

1 section 428C(a)(3)(B), a borrower may obtain a
2 Federal Direct Consolidation Loan if the borrower—
3 “(A) obtains the Federal Direct Consolida-
4 tion Loan for the purpose of—
5 “(i) selecting the income-based repay-
6 ment plan under section 493C(c) or fixed-
7 income repayment plan under section
8 495E; or
9 “(ii) participating in the pause pay-
10 ment process under section 460B; and
11 “(B) meets the requirements of section
12 428C(a)(3)(A).”.

13 (b) INCENTIVES FOR SIMPLIFIED REPAYMENT
14 PLANS.—Part G of title IV (20 U.S.C. 1088 et seq.), as
15 amended by section 102, is further amended by adding
16 at the end the following:

17 **“SEC. 493F. INCENTIVES FOR SIMPLIFIED REPAYMENT**
18 **PLANS.**

19 “(a) IN GENERAL.—To facilitate the transition of
20 borrowers to simplified repayment plan options, the Sec-
21 retary shall reduce the interest rate applicable under sec-
22 tion 455(b) or 427A to a loan under part B or D held
23 by a borrower as of July 1, 2022 by 100 basis points (or
24 the equivalent), if the borrower of the loan, after the effec-
25 tive date of the Affordable Loans for Any Student Act—

1 “(1) changes from a repayment plan described
2 in subparagraphs (A) through (E) of section
3 455(d)(1) for such loan to an income-based repay-
4 ment plan under section 493C(c) or a fixed repay-
5 ment plan under section 493E; or

6 “(2) consolidates 1 or more loans under this
7 title, or described in section 428C(a)(4), that were
8 under a repayment plan described in subparagraphs
9 (A) through (E) of section 455(d)(1), or clauses (i)
10 through (v) of section 428(b)(9), into a Federal Di-
11 rect Consolidation Loan and selects an income-based
12 repayment plan under section 493C(c) or a fixed re-
13 payment plan under section 493E for the loan.

14 “(b) LIMITATION.—The interest rate for a loan eligi-
15 ble for the incentive under subsection (a) may be reduced
16 only once under this section.

17 “(c) RULES AND WAIVERS.—The Secretary shall pro-
18 mulgate rules carrying out the incentive program estab-
19 lished under this section. In promulgating such rules, the
20 Secretary may waive the application of—

21 “(1) subchapter I of chapter 35 of title 44,
22 United States Code (commonly known as the ‘Paper-
23 work Reduction Act’);

24 “(2) the master calendar requirements under
25 section 482;

1 “(3) negotiated rulemaking under section 492;
2 and

3 “(4) the requirement to publish the notices re-
4 lated to the system of records of the agency before
5 implementation required under paragraphs (4) and
6 (11) of section 552a(e) of title 5, United States
7 Code (commonly known as the ‘Privacy Act of
8 1974’), except that the notices shall be published not
9 later than 180 days after the date of implementation
10 of this Act.”.

11 **SEC. 105. STUDY AND PROCEDURES ON DETERMINING FAM-**
12 **ILY SIZE.**

13 (a) IN GENERAL.—The Secretary of Education, act-
14 ing jointly with the Secretary of the Treasury, shall—

15 (1) not later than 1 year after the date of en-
16 actment of this Act, publish, in the Federal Register,
17 notice of the Secretary’s intent to conduct a study
18 on the effect of using data from the Internal Rev-
19 enue Service such as personal exemptions, filing sta-
20 tus, or child tax credits, as proxies for family size
21 in an income-driven repayment plan, and invite pub-
22 lic comment regarding the study;

23 (2) after reviewing any public comments pro-
24 vided under paragraph (1), conduct the study and

1 publish the results of the study in the Federal Reg-
2 ister;

3 (3) use the results of the study conducted under
4 paragraph (1) to develop procedures for determining
5 family size for the automatic recertification of in-
6 come for an income-driven repayment plan in a man-
7 ner that minimizes burdens and unintended harm to
8 borrowers;

9 (4) publish the procedures developed under
10 paragraph (3) in the Federal Register; and

11 (5) after a notice and comment period on such
12 procedures, use such comments to finalize the proce-
13 dures.

14 (b) SPECIFICATIONS.—The study conducted under
15 subsection (a) shall—

16 (1) be completed, with the results published
17 pursuant to subsection (a)(2), not later than 3 years
18 after the date of enactment of this Act;

19 (2) determine how closely personal exemptions,
20 filing status, or child tax credits match the family
21 size that borrowers report on their income-driven re-
22 payment plan request form;

23 (3) compare the borrower's actual monthly pay-
24 ment amount with the monthly payment amount

1 borrowers would have using family size information
2 derived from tax returns;

3 (4) include data from tax year 2018 or later tax
4 years; and

5 (5) use data from more than one year, where
6 possible, to analyze how much family size changes
7 over time.

8 (c) DEFINITION.—The term “income-driven repay-
9 ment plan” means any of the following authorized under
10 the Higher Education Act of 1965 (20 U.S.C. 1001 et
11 seq.):

12 (1) The income-contingent repayment plan.

13 (2) The income-based repayment plan.

14 (3) The PAYE repayment plan.

15 (4) The REPAYE repayment plan.

16 **TITLE II—ENDING INTEREST**
17 **CAPITALIZATION AND ORIGI-**
18 **NATION FEES**

19 **SEC. 201. ENDING INTEREST CAPITALIZATION FOR FED-**
20 **ERAL DIRECT LOANS.**

21 Section 455 (20 U.S.C. 1087e) is amended—

22 (1) in subsection (b)—

23 (A) in the subsection heading, by inserting
24 “and Practices” after “Rate”; and

25 (B) by adding at the end the following:

1 “(11) INTEREST PRACTICES.—

2 “(A) IN GENERAL.—Beginning on the ef-
3 fective date of the Affordable Loans for Any
4 Student Act, interest on a loan made under this
5 part shall accrue and only be added to the bal-
6 ance of interest due on the loan, and shall not
7 ever be capitalized.

8 “(B) NO CAPITALIZATION OF INTEREST
9 DURING IN-SCHOOL OR GRACE PERIODS.—

10 “(i) IN GENERAL.—Beginning on the
11 effective date of the Affordable Loans for
12 Any Student Act, interest on loans made
13 under this part for which payments of
14 principal are not required during the in-
15 school and grace periods or for which pay-
16 ments are deferred in accordance with sec-
17 tions 427(a)(2)(C) and 428(b)(1)(M) shall
18 accrue and be added to the balance of in-
19 terest due from the borrower when the
20 loan enters repayment, but shall not ever
21 be capitalized.

22 “(ii) NOTICE REQUIREMENT.—The
23 Secretary shall adjust any forbearance no-
24 tice required in accordance with section
25 428(a)(3)(A)(iii) to reflect the availability

1 of the pause payment process pursuant to
2 section 460B and the treatment of interest
3 under such section.

4 “(C) LIMITED RETROACTIVITY.—For a
5 borrower of a loan made under this part on or
6 before the effective date of the Affordable
7 Loans for Any Student Act that is in a status,
8 on the day before such effective date, that in-
9 volves interest capitalization, such loan shall
10 have capitalization pro-rated to the effective
11 date of such Act, but shall not be subject to
12 further capitalization after the effective date of
13 such Act.”; and

14 (2) in subsection (e)(5)—

15 (A) by inserting “(which, beginning after
16 the effective date of the Affordable Loans for
17 Any Student Act, shall not be capitalized)”
18 after “accrued interest”; and

19 (B) by striking the second sentence.

20 **SEC. 202. ELIMINATION OF ORIGINATION FEES FOR FED-**
21 **ERAL DIRECT LOANS.**

22 (a) REPEAL OF ORIGINATION FEES.—Subsection (c)
23 of section 455 (20 U.S.C. 1087e(c)) is repealed.

24 (b) EFFECTIVE DATE.—The amendment made by
25 subsection (a) shall apply with respect to loans made

1 under part D of title IV of the Higher Education Act of
2 1965 (20 U.S.C. 1087a et seq.) for which the first dis-
3 bursement of principal is made on or after July 1, 2022.

4 **TITLE III—PROVIDING ASSIST-**
5 **ANCE IN SITUATIONS OF BOR-**
6 **ROWER DISTRESS**

7 **SEC. 301. LIMITS ON SEIZING INCOME FOR DEBT.**

8 Part D of title IV (20 U.S.C. 1087a et seq.) is
9 amended by adding at the end the following:

10 **“SEC. 460A. LIMITS ON SEIZING INCOME FOR DEBT RELAT-**
11 **ING TO FEDERAL STUDENT LOANS.**

12 “(a) DEFINITIONS.—In this section—

13 “(1) the term ‘adjusted gross income’ has the
14 meaning given the term in section 62 of the Internal
15 Revenue Code of 1986; and

16 “(2) the term ‘poverty line’ means the poverty
17 line (as defined by the Office of Management and
18 Budget and revised annually in accordance with sec-
19 tion 673(2) of the Community Services Block Grant
20 Act (42 U.S.C. 9902(2)) applicable to a family of
21 the size involved.

22 “(b) LIMITATION ON COLLECTION.—

23 “(1) IN GENERAL.—Notwithstanding any other
24 provision of law, any entity engaged in the collection
25 of debts relating to loans made under this title may

1 not take any action to cause, or seek to cause, the
2 collection of such a debt that is taken from the
3 wages, Federal benefits, or other amounts due to a
4 borrower through garnishment, deduction, offset, or
5 seizure in an amount on a monthly basis that is
6 more than the amount described in paragraph (2).

7 “(2) CALCULATION.—The amount described in
8 this paragraph is the amount obtained by calculating
9 what the monthly repayment amount would be for
10 loans made under this title, with respect to the bor-
11 rower, under the income-based repayment plan
12 under section 493C(c).

13 “(3) PRESUMPTION.—For purposes of this sec-
14 tion, if an entity described in paragraph (1) is un-
15 able to determine the family size of a borrower after
16 taking reasonable steps to collect the information
17 necessary to do so, that person shall presume that
18 the family size of the borrower is 1 individual.

19 “(c) COMMUNICATIONS.—Any communication by an
20 entity described in subsection (b)(1) that is for the pur-
21 pose of seizing income of a consumer for debt that relates
22 to a loan made under this title shall—

23 “(1) be considered—

24 “(A) an attempt to collect a debt; and

1 “(B) conduct in connection with the collec-
2 tion of a debt for the purposes of this title; and

3 “(2) contain a notice to the borrower that, con-
4 sistent with the procedures for rehabilitating a loan
5 pursuant to section 428F(a) or consolidating loans
6 out of default as described in section
7 428C(a)(3)(B)(i)(V), the borrower may exit default
8 and reenter current repayment status (as defined in
9 section 428(l)(2)(C)) with a similar monthly pay-
10 ment amount on an income-based repayment plan
11 under section 493C(c) and thereby obtain the full
12 flexibility and benefits of such status, including the
13 ability to adjust family size and make qualifying
14 payments for purposes of repayment or cancellation
15 of any outstanding balance of principal and interest
16 due on a loan (as described in section 493C(b)(7)).

17 “(d) REMEDIES.—

18 “(1) FIRST TIER.—The Secretary may impose a
19 civil penalty on an entity for a violation of this sec-
20 tion not to exceed \$5,000 for each day during which
21 such violation continues.

22 “(2) SECOND TIER.—Notwithstanding para-
23 graph (1), the Secretary may impose a civil penalty
24 on an entity that recklessly engages in a violation of

1 this section not to exceed \$25,000 for each day dur-
2 ing which such violation continues.

3 “(3) THIRD TIER.—Notwithstanding para-
4 graphs (1) and (2), the Secretary may impose a civil
5 penalty on an entity that knowingly violates this sec-
6 tion not to exceed \$1,000,000 for each day during
7 which such violation continues.

8 “(4) NO EXEMPLARY OR PUNITIVE DAMAGES.—
9 Nothing in this subsection shall be construed as au-
10 thorizing the imposition of exemplary or punitive
11 damages.

12 “(5) ENTITIES SUBJECT TO PENALTY.—An en-
13 tity subject to a penalty under this subsection may
14 include a contractor or agent of the Department.”.

15 **SEC. 302. ALLOWING FOR MULTIPLE LOAN REHABILI-**
16 **TATIONS.**

17 (a) FFEL LOANS.—Section 428F(a)(5) (20 U.S.C.
18 1078–6(a)(5)) is amended by striking “one time per loan”
19 and inserting “2 times per loan”.

20 (b) DIRECT LOANS.—Section 455(d) (20 U.S.C.
21 1087e(d)), as amended by section 103, is further amended
22 by adding at the end the following:

23 “(8) LOAN REHABILITATION.—In carrying out
24 the process for loan rehabilitation described in sec-
25 tion 428F(a)(5) with respect to loans made under

1 this part and in accordance with subsection (a), the
2 Secretary shall allow a borrower to obtain the bene-
3 fits available under such section not more than 2
4 times per loan.”.

5 **SEC. 303. PAUSE PAYMENT PROCESS.**

6 (a) ESTABLISHMENT OF PAUSE PAYMENT PROC-
7 ESS.—Part D of title IV (20 U.S.C. 1087a et seq.), as
8 amended by section 301, is further amended by adding
9 at the end the following:

10 **“SEC. 460B. PAUSE PAYMENT PROCESS.**

11 “(a) IN GENERAL.—The Secretary shall establish a
12 single, streamlined pause payment process available in a
13 single application with respect to loans made under this
14 part that replaces the deferment and forbearance options
15 and their respective applications that are available to bor-
16 rowers before the effective date of the Affordable Loans
17 for Any Student Act and provides temporary relief from
18 repayment of such loans in accordance with this section.

19 “(b) APPLICATION FOR RELIEF.—Notwithstanding
20 any other provision of this Act, a borrower of a loan made
21 under this part that desires to receive temporary relief
22 from repayment with respect to such loan shall request
23 relief in accordance with the pause payment process estab-
24 lished by the Secretary under subsection (a), which shall
25 include the options to select a temporary cessation of pay-

1 ments and to make smaller payments than the monthly
2 payments required under the borrower's repayment plan.

3 “(c) PAUSE PAYMENT.—

4 “(1) IN GENERAL.—A borrower of a loan made
5 under this part who meets the requirements de-
6 scribed in paragraph (2) shall be eligible for a pause
7 payment, during which periodic installments of prin-
8 cipal need not be paid, and interest—

9 “(A) shall not accrue, in the case of a—

10 “(i) Federal Direct Stafford Loan; or

11 “(ii) a Federal Direct Consolidation
12 Loan that consolidated only Federal Direct
13 Stafford Loans, or a combination of such
14 loans and Federal Stafford Loans for
15 which the student borrower received an in-
16 terest subsidy under section 428; or

17 “(B) shall accrue and be added to the bal-
18 ance of interest due but not be capitalized, or
19 be paid by the borrower, in the case of a Fed-
20 eral Direct PLUS Loan, a Federal Direct Un-
21 subsidized Stafford Loan, or a Federal Direct
22 Consolidation Loan not described in subpara-
23 graph (A)(ii).

1 “(2) ELIGIBILITY.—A borrower of a loan made
2 under this part shall be eligible for a pause payment
3 during any period—

4 “(A) during which—

5 “(i) the borrower is carrying at least
6 one-half the normal full-time work load for
7 the course of study that the borrower is
8 pursuing, as determined by the eligible in-
9 stitution (as such term is defined in sec-
10 tion 435(a)) the student is attending; or

11 “(ii) in the case of a parent borrower,
12 the borrower or the student on whose be-
13 half the loan was borrowed is carrying at
14 least one-half the normal full-time work
15 load, in accordance with clause (i);

16 “(B) during which the borrower is pur-
17 suing a course of study pursuant to a graduate
18 fellowship program approved by the Secretary;

19 “(C) during which the borrower is serving
20 in a medical or dental internship or residency
21 program;

22 “(D) during which the borrower is in a re-
23 habilitation training program for individuals
24 with disabilities approved by the Secretary;

25 “(E) during which the borrower—

1 “(i) is serving on active duty during a
2 war or other military operation or national
3 emergency and for the 180-day period fol-
4 lowing the demobilization date for the serv-
5 ice; or

6 “(ii) qualifies for partial repayment of
7 the borrower’s loans under a provision of
8 chapter 109 or 1609 of title 10, United
9 States Code;

10 “(F) during which the borrower is per-
11 forming qualifying National Guard duty during
12 a war or other military operation or national
13 emergency and for the 180-day period following
14 the demobilization date for the service;

15 “(G) during which the borrower is serving
16 in—

17 “(i) an approved national service posi-
18 tion (as defined in section 101 of the Na-
19 tional and Community Service Act of 1990
20 (42 U.S.C. 12511)) in an Americorps pro-
21 gram (defined for purposes of this sub-
22 paragraph as a program carried out under
23 subtitle C or E of title I of the National
24 and Community Service Act of 1990 (42
25 U.S.C. 12571 et seq., 12611 et seq.) or

1 title I of the Domestic Volunteer Service
2 Act of 1973 (42 U.S.C. 4951 et seq.);

3 “(ii) in the Peace Corps; or

4 “(iii) in a teaching position that would
5 qualify for teacher loan forgiveness under
6 section 428J or 460;

7 “(H) not in excess of a total period of 3
8 years of repayment of a loan during which the
9 Secretary determines, in accordance with regu-
10 lations prescribed under section 435(o), that
11 the borrower has experienced or will experience
12 an economic hardship, such as experiencing fi-
13 nancial difficulties, having unexpected or sig-
14 nificant medical expenses, or being unable to
15 find full-time employment;

16 “(I) during which a borrower’s ability to
17 make payments, as determined by the Sec-
18 retary, has been adversely affected by—

19 “(i) any major disaster or emergency
20 declared by the President under section
21 401 or 501, respectively, of the Robert T.
22 Stafford Disaster Relief and Emergency 34
23 Assistance Act (42 U.S.C. 5170, 5191);

24 “(ii) a local emergency, as declared by
25 the appropriate government agency; or

1 “(iii) a military mobilization;

2 “(J) during which the borrower is awaiting
3 a determination by the Secretary of the bor-
4 rower’s request for a pause payment, change in
5 repayment plan, loan forgiveness or cancella-
6 tion, or consolidation loan; or

7 “(K) during which the borrower is experi-
8 encing other exceptional circumstances for
9 which pause payment under this section is in
10 the best interest of the borrower, as determined
11 by the Secretary through regulation.”.

12 (b) CONFORMING AMENDMENTS.—Section 455 (20
13 U.S.C. 1087e) is amended—

14 (1) in subsection (e)(7)(B)(i), by striking “is in
15 deferment” and inserting “is under pause payment
16 pursuant to section 460B”;

17 (2) by striking subsection (f) and inserting the
18 following:

19 “(f) **【reserved】**”; and

20 (3) in subsection (l)—

21 (A) by striking “**PROGRAM.—**” and all
22 that follows through “Using funds” and insert-
23 ing the following: “**PROGRAM.—USING**
24 **FUNDS**”; and

25 (B) by striking paragraph (2).

1 **SEC. 304. AUTOMATIC ENROLLMENT INTO INCOME-BASED**
2 **REPAYMENT FOR BORROWERS WHO ARE DE-**
3 **LINQUENT ON LOANS AND FOR BORROWERS**
4 **WHO REHABILITATE DEFAULTED LOANS.**

5 (a) NOTIFICATION AND AUTOMATIC ENROLLMENT
6 PROCEDURES.—Section 455(d) (20 U.S.C. 1087e(d)), as
7 amended by section 103 and 302, is further amended by
8 adding at the end the following:

9 “(9) NOTIFICATION AND AUTOMATIC ENROLL-
10 MENT PROCEDURES FOR BORROWERS WHO ARE DE-
11 LINQUENT ON LOANS.—

12 “(A) AUTHORITY TO OBTAIN INCOME IN-
13 FORMATION.—

14 “(i) IN GENERAL.—In the case of any
15 borrower who is at least 60 days delin-
16 quent on a loan made under this part, the
17 Secretary may obtain such information as
18 is reasonably necessary regarding the in-
19 come and family size of the borrower (and
20 the borrower’s spouse, if applicable).

21 “(ii) AVAILABILITY OF RETURNS AND
22 RETURN INFORMATION.—Returns and re-
23 turn information (as defined in section
24 6103 of the Internal Revenue Code of may
25 be obtained under this subparagraph only

1 to the extent authorized by section
2 6103(l)(13) of such Code.

3 “(B) BORROWER NOTIFICATION.—With re-
4 spect to each borrower of a loan made under
5 this part who is at least 60 days delinquent on
6 such loan and who has not been subject to the
7 procedures under this paragraph for such loan
8 in the preceding 120 days, the Secretary shall,
9 as soon as practicable after such 60-day delin-
10 quency, provide to the borrower the following:

11 “(i) Notification that the borrower is
12 at least 60 days delinquent on at least 1
13 loan under this part, and a description of
14 all delinquent loans under this part, and
15 nondelinquent loans under this part, of the
16 borrower.

17 “(ii) A brief description of the repay-
18 ment plans for which the borrower is eligi-
19 ble and the borrower’s loans made under
20 this part, and loans made, insured, or
21 guaranteed under part B or E, that may
22 be eligible for such plans, based on infor-
23 mation available to the Secretary.

24 “(iii) Clear and simple instructions on
25 how to select the repayment plans.

1 “(iv) The amount of monthly pay-
2 ments for the loans made under this part,
3 and any loans made, insured, or guaran-
4 teed under part B or E, under the repay-
5 ment plans for which the borrower is eligi-
6 ble, based on information available to the
7 Secretary, including, if the income infor-
8 mation of the borrower is available to the
9 Secretary under subparagraph (A)—

10 “(I) the amount of the monthly
11 payment under the income-based re-
12 payment plan under section 493C(c)
13 for which the borrower is eligible for
14 the borrower’s loans made under this
15 part, based on such income informa-
16 tion; and

17 “(II) the income, family size, tax
18 filing status, and tax year information
19 on which each the monthly payment is
20 based.

21 “(v) An explanation that the Sec-
22 retary shall take the actions under sub-
23 paragraph (C) with respect to such bor-
24 rower, if—

1 “(I) the borrower is 120 days de-
2 linquent on one or more loans under
3 this part and has not selected a new
4 repayment plan for the borrower’s
5 loans under this part; and

6 “(II) in the case of such a bor-
7 rower whose repayment plan for any
8 loans made under this part is not an
9 income-based repayment plan under
10 section 493C(c), the monthly pay-
11 ments under such repayment plan are
12 higher than such monthly payments
13 would be under an income-based re-
14 payment plan for such loans.

15 “(vi) Instructions on updating the in-
16 formation of the borrower obtained under
17 subparagraph (A).

18 “(C) SECRETARY’S INITIAL SELECTION OF
19 PLAN.—With respect to each borrower de-
20 scribed in subparagraph (B) who has a repay-
21 ment plan for loans made under this part that
22 meets the requirements of clause (v)(II) of sub-
23 paragraph (B), who has not selected a new re-
24 payment plan for such loans in accordance with
25 the notice received under such subparagraph,

1 and who is at least 120 days delinquent on such
2 a loan, the Secretary shall, as soon as prac-
3 ticable—

4 “(i) in a case in which any of the bor-
5 rower’s loans made under part B or E are
6 eligible for an income-based repayment
7 plan under section 493C(c), provide the
8 borrower with the income-based repayment
9 plan; and

10 “(ii) in a case in which none of the
11 borrower’s loans made under part B or E
12 are eligible for an income-based repayment
13 plan under section 493C(c), notify the bor-
14 rower of the actions, if any, the borrower
15 may take for such loans to become eligible
16 for such a plan.

17 “(D) SECRETARY’S ADDITIONAL SELEC-
18 TION OF PLAN.—

19 “(i) IN GENERAL.—With respect to
20 each borrower of a loan made under this
21 part who selects a new repayment plan in
22 accordance with the notice received under
23 subparagraph (B) and who continues to be
24 delinquent on such loan for a period de-
25 scribed in clause (ii), the Secretary shall,

1 as soon as practicable after such period,
2 carry out the procedures described in sub-
3 paragraph (C) for the borrower's loans
4 made under this part, if such procedures
5 would result in lower monthly repayment
6 amounts on such loan.

7 “(ii) DESCRIPTION OF PERIOD.—The
8 duration of the period described in clause
9 shall be the amount of time that the Sec-
10 retary determines is sufficient to indicate
11 that the borrower may benefit from repay-
12 ing such loan under a new repayment plan,
13 but in no case shall such period be less
14 than 60 days.

15 “(E) OPT-OUT.—A borrower of a loan
16 made under this part shall have the right to opt
17 out of the procedures under this paragraph.

18 “(F) PROCEDURES.—The Secretary shall
19 establish procedures as are necessary to effec-
20 tively implement this paragraph.

21 “(10) NOTIFICATION AND AUTOMATIC ENROLL-
22 MENT PROCEDURES FOR BORROWERS WHO ARE RE-
23 HABILITATING DEFAULTED LOANS.—

24 “(A) AUTHORITY TO OBTAIN INCOME IN-
25 FORMATION.—

1 “(i) IN GENERAL.—In the case of any
2 borrower who is rehabilitating a loan made
3 under this part pursuant to section
4 428F(a), the Secretary may obtain such
5 information as is reasonably necessary re-
6 garding the income and family size of the
7 borrower (and the borrower’s spouse, if ap-
8 plicable).

9 “(ii) AVAILABILITY OF RETURNS AND
10 RETURN INFORMATION.—Returns and re-
11 turn information (as defined in section
12 6103 of the Internal Revenue Code of may
13 be obtained under this subparagraph only
14 to the extent authorized by section
15 6103(l)(13) of such Code.

16 “(B) BORROWER NOTIFICATION.—Not
17 later than 30 days after a borrower makes the
18 6th payment required for the loan rehabilitation
19 described in subparagraph (A), the Secretary
20 shall notify the borrower of the process under
21 subparagraph (C) with respect to such loan.

22 “(C) SECRETARY’S AUTOMATIC ENROLL-
23 MENT.—With respect to each borrower who has
24 made the 9th payment required for the loan re-
25 habilitation described in subparagraph (A) and

1 is eligible for the income-based repayment plan
2 under section 493C(c), the Secretary shall, as
3 soon as practicable after such payment, provide
4 the borrower with the income-based repayment
5 plan.

6 “(D) OPT-OUT.—A borrower of a loan
7 made under this part shall have the right to opt
8 out of the procedures for enrollment in an in-
9 come-based repayment plan under this para-
10 graph.

11 “(E) PROCEDURES.—The Secretary shall
12 establish procedures as are necessary to effec-
13 tively implement this paragraph.”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 subsection (a) shall—

16 (1) take effect as soon as the Secretary of Edu-
17 cation determines practicable after the Secretary fi-
18 nalizes the procedures under section 105; and

19 (2) apply to all borrowers of loans made under
20 part D of title IV of the Higher Education Act of
21 1965 (20 U.S.C. 1087a et seq.).

22 **SEC. 305. SEPARATING JOINT CONSOLIDATION LOANS.**

23 (a) IN GENERAL.—Section 455(g) (20 U.S.C.
24 1087e(g)), as amended by section 104, is further amended
25 by adding at the end the following:

1 “(3) SEPARATING JOINT CONSOLIDATION
2 LOANS.—

3 “(A) IN GENERAL.—A married couple, or
4 2 individuals who were previously a married
5 couple, and who received a joint consolidation
6 loan as such married couple under subpara-
7 graph (C) of section 428C(a)(3) (as such sub-
8 paragraph was in effect on or before June 30,
9 2006), may apply to the Secretary for each in-
10 dividual borrower in the married couple (or pre-
11 viously married couple) to receive a separate
12 Federal Direct Consolidation Loan under this
13 part—

14 “(i) that shall—

15 “(I) unless the Secretary receives
16 notice of an agreement described in
17 subclause (II)(aa), be equal to the
18 sum of—

19 “(aa) the unpaid principal
20 and accrued unpaid interest of
21 the percentage of the joint con-
22 solidation loan that, as of the day
23 before such joint consolidation
24 loan was made, was attributable
25 to the loans of the individual bor-

1 rower for whom such separate
2 consolidation loan is being made;
3 and

4 “(bb) any other loans de-
5 scribed in section 428C(a)(4)
6 that such individual borrower se-
7 lects for consolidation under this
8 part; or

9 “(II) be equal to the sum of—

10 “(aa) the unpaid principal
11 and accrued unpaid interest of
12 the percentage of the joint con-
13 solidation loan that, as of the
14 date of application under this
15 paragraph, the married couple
16 (or previously married couple)
17 agrees shall be considered attrib-
18 utable to the loans of the indi-
19 vidual borrower for whom such
20 separate consolidation loan is
21 being made; and

22 “(bb) any other loans de-
23 scribed in section 428C(a)(4)
24 that such individual borrower se-

1 lects for consolidation under this
2 part;

3 “(ii) the proceeds of which shall be
4 paid by the Secretary to the holder or
5 holders—

6 “(I) of the joint consolidation
7 loan for the purpose of discharging
8 the liability on the percentage of such
9 joint consolidation loan described in
10 subclause (I)(aa) or (II)(aa) of clause
11 (i); and

12 “(II) of the loans selected for
13 consolidation under subclause (I)(bb)
14 or of clause (i) for the purpose of dis-
15 charging the liability on such loans;

16 “(iii) except as otherwise provided in
17 this paragraph, that has the same terms
18 and conditions, and rate of interest as the
19 joint consolidation loan, except if other
20 loans are included in such Federal Direct
21 Consolidation Loan after the date the Fed-
22 eral Direct Consolidation Loan is first
23 made under this paragraph;

24 “(iv) for which any payment made
25 under subsection (m)(1)(A) on the joint

1 consolidation loan during a period in which
2 the individual borrower for whom such sep-
3 arate consolidation loan is being made was
4 employed in a public service job described
5 in subsection (m)(1)(B) shall be treated as
6 if such payment were made on such sepa-
7 rate consolidation loan; and

8 “(v) for which any payment made
9 under an income contingent repayment
10 plan under subsection (d)(1)(D), or an in-
11 come-based repayment plan under para-
12 graph (1)(E) or (2)(A)(ii) of subsection
13 (d), on the joint consolidation loan shall be
14 treated as if such payment were made on
15 such separate consolidation loan.

16 “(B) APPLICATION FOR SEPARATE DIRECT
17 CONSOLIDATION LOANS.—

18 “(i) JOINT APPLICATION.—Except as
19 provided in clause (ii), to receive separate
20 consolidation loans under subparagraph
21 (A), both individual borrowers in a married
22 couple (or previously married couple) shall
23 jointly apply under such subparagraph.

24 “(ii) SEPARATE APPLICATION.—An
25 individual borrower in a married couple (or

1 previously married couple) may apply for a
2 separate consolidation loan under subpara-
3 graph (A) separately and without regard to
4 whether or when the other individual bor-
5 rower in the married couple (or previously
6 married couple) applies under such sub-
7 paragraph, and shall be relieved of any re-
8 maining liability for the joint consolidation
9 loan, in a case in which—

10 “(I) the individual borrower has
11 experienced from the other individual
12 borrower—

13 “(aa) domestic violence (as
14 defined in section 40002(a) of
15 the Violence Against Women Act
16 of 1994 (34 U.S.C. 12291(a)));

17 “(bb) economic abuse (in-
18 cluding behaviors that control
19 such borrower’s ability to ac-
20 quire, use, and maintain access
21 to money, credit, or the joint fi-
22 nancial obligations of both bor-
23 rowers); or

1 “(cc) other exceptional cir-
2 cumstances, as determined by the
3 Secretary; and

4 “(II) the Secretary determines
5 that authorizing each individual bor-
6 rower to apply separately under sub-
7 paragraph (A) would be in the best
8 fiscal interests of the Federal Govern-
9 ment, including by reducing the risk
10 of delinquency or default.

11 “(C) BORROWER ELIGIBILITY.—Notwith-
12 standing section 428C(a)(3)(A), the Secretary
13 shall provide a consolidation loan under this
14 part to each borrower who—

15 “(i) applies for such loan under sub-
16 paragraph (A); and

17 “(ii) meets the requirements of sub-
18 paragraphs (A) and (B).”.

19 (b) CONFORMING AMENDMENT.—Section
20 428C(a)(3)(B)(i)(V) (20 U.S.C. 1078–3(3)(B)(i)(V)) is
21 amended—

22 (1) by striking “or” at the end of item (bb);

23 (2) by striking the period at the end of item

24 (cc) and inserting “; or and

25 (3) by adding at the end the following:

1 “(dd) for the purpose of sep-
2 arating a joint consolidation loan
3 into 2 separate Federal Direct
4 Consolidation Loans under sec-
5 tion 455(g)(3).”.

6 **SEC. 306. REMOVING THE COLLECTION COST REQUIRE-**
7 **MENT.**

8 (a) REMOVAL OF REQUIREMENT.—Section
9 484A(b)(1) (20 U.S.C. 1091a(b)(1)) is amended by strik-
10 ing “shall be required to pay, in addition to other charges
11 specified in this title, reasonable collection costs” and in-
12 serting “shall not be required to pay collection costs”.

13 (b) REPAYMENT AFTER DEFAULT.—Section
14 455(d)(6) (20 U.S.C. 1087e(d)(6)), as redesignated under
15 section 103(b), is amended by striking “to—” and all that
16 follows through the period at the end and inserting “to
17 repay the loan pursuant to an income-based repayment
18 plan under section 493C(c).”.

1 **TITLE IV—IMPROVING LOAN IN-**
2 **FORMATION AND COUN-**
3 **SELING**

4 **SEC. 401. STUDENT LOAN CONTRACT; SIMPLIFYING LOAN**
5 **DISCLOSURES.**

6 (a) STUDENT LOAN CONTRACT.—Section 455 (20
7 U.S.C. 1087e), as amended by section 202, is further
8 amended by inserting after subsection (b) the following:

9 “(c) STUDENT LOAN CONTRACT; SIMPLIFYING LOAN
10 DISCLOSURES.—

11 “(1) STUDENT LOAN CONTRACT.—

12 “(A) IN GENERAL.—Any master promis-
13 sory note form described in section
14 432(m)(1)(D) that is developed or used for cov-
15 ered loans shall be referred to as a ‘student
16 loan contract’.

17 “(B) CLARIFICATION ON USE.—Notwith-
18 standing section 432(m)(1)(D)(i), each student
19 loan contract for a covered loan shall—

20 “(i) not be entered into by a student
21 unless the student has completed all re-
22 quired counseling related to such loan, in-
23 cluding counseling required under section
24 485(l);

1 “(ii) be signed by the student entering
2 such student loan contract after completion
3 of such counseling;

4 “(iii) be signed by the student during
5 the first award year of such student’s en-
6 rollment at an institution;

7 “(iv) be valid for each award year
8 after the award year described in clause
9 (iii) in which the student remains enrolled
10 at the same institution; and

11 “(v) include options for the student to
12 enter both the student’s current contact in-
13 formation and permanent contact informa-
14 tion that is likely to remain valid upon the
15 student’s exit from the institution.

16 “(C) COVERED LOAN.—

17 “(i) IN GENERAL.—In this subsection,
18 the term ‘covered loan’ means a loan made
19 under this part on or after the effective
20 date of the Affordable Loans for Any Stu-
21 dent Act, except with respect to a borrower
22 described in clause (ii).

23 “(ii) EXCEPTION.—A borrower is de-
24 scribed in this clause if the loan made
25 under this part on or after the effective

1 date of the Affordable Loans for Any Stu-
2 dent Act with respect to such borrower is
3 for the award year during which the Af-
4 fordable Loans for Any Student Act is en-
5 acted and the borrower has already taken
6 out a loan under this part (other than a
7 Federal Direct Consolidation Loan) for
8 such award year (including any such loan
9 for attendance at another institution from
10 which the student transferred or in which
11 the student had previously enrolled).

12 “(2) LOAN DISCLOSURES.—For loans made
13 under this part for periods of enrollment beginning
14 on or after the effective date of the Affordable
15 Loans for Any Student Act, the Secretary shall take
16 such steps as are necessary to streamline the stu-
17 dent loan disclosure requirements under this Act.
18 The Secretary shall ensure that information required
19 to be disclosed to a student who is applying for, re-
20 ceiving, or preparing to repay a loan under this part
21 shall be consumer-tested and delivered in a manner
22 that—

23 “(A) reduces and simplifies the paperwork
24 students are required to complete;

1 “(B) limits the number of times a student
2 is presented with disclosures by incorporating
3 the streamlined disclosures into required stu-
4 dent loan counseling under section 485(l), the
5 student loan contract under this subsection, or
6 both; and

7 “(C) is effective in helping the student un-
8 derstand the student’s rights and obligations as
9 a Federal student loan borrower.

10 “(3) LOAN ACCEPTANCE.—Prior to making the
11 first disbursement of a covered loan (other than a
12 Federal Direct Consolidation Loan) to a borrower,
13 the eligible institution shall ensure that the bor-
14 rower—

15 “(A) has completed the applicable coun-
16 seling under paragraph (2) or (3) of section
17 485(l); and

18 “(B) after completing such counseling, ac-
19 cepts the loan by—

20 “(i) signing and returning to the insti-
21 tution the student loan contract described
22 in section 455(c)(1) that affirmatively
23 states that the borrower accepts the loan;
24 or

1 “(ii) electronically signing an elec-
2 tronic version of such student loan con-
3 tract, which may be done through the on-
4 line counseling tool in accordance with sec-
5 tion 485(n)(1)(B).”.

6 (b) CONFORMING AMENDMENT.—Section 487(a)(7)
7 (20 U.S.C. 1094(a)(7)) is amended by striking “section
8 485” and inserting “sections 455(c)(3) and 485”.

9 **SEC. 402. PRE-LOAN INFORMATION AND COUNSELING RE-**
10 **QUIREMENTS.**

11 Section 485(l) (20 U.S.C. 1092(l)) is amended to
12 read as follows:

13 “(l) STUDENT LOAN ENTRANCE COUNSELING.—

14 “(1) STUDENT LOAN ENTRANCE COUNSELING
15 REQUIREMENT FOR INSTITUTIONS.—

16 “(A) IN GENERAL.—Each eligible institu-
17 tion shall ensure that, prior to the date of the
18 disbursement of a loan for a period of enroll-
19 ment at such institution, each individual for
20 whom the institution has knowledge that the in-
21 dividual has accepted, or will accept, 1 or more
22 student loans under part D (including any such
23 loans for attendance at another institution from
24 which the student transferred or in which the
25 student had previously enrolled, other than a

1 Federal Direct Consolidation Loan) for such pe-
2 riod of enrollment, receives comprehensive in-
3 formation on the terms and conditions of such
4 loans and the responsibilities the individual has
5 with respect to such loans. Such information
6 shall be provided in a simple, understandable,
7 and consumer-friendly manner during a coun-
8 seling session conducted—

9 “(i) in person;

10 “(ii) online, with the individual ac-
11 knowledging receipt of the information; or

12 “(iii) through the use of the online
13 counseling tool described in subsection
14 (n)(1)(B).

15 “(B) USE OF INTERACTIVE PROGRAMS.—

16 In the case of institutions not using the online
17 counseling tool described in subsection
18 (n)(1)(B), the Secretary shall require such in-
19 stitutions to carry out the requirements of sub-
20 paragraph (A) through the use of interactive
21 programs, during a counseling session that is
22 in-person or online, that test the individual’s
23 understanding of the terms and conditions of
24 the loan awarded to the individual, using simple

1 and understandable language and clear for-
2 matting.

3 “(2) LOAN COUNSELING FOR BORROWERS RE-
4 CEIVING LOANS MADE UNDER PART D OTHER THAN
5 PARENT PLUS LOANS).—The information to be pro-
6 vided under paragraph (1)(A) to a borrower of a
7 loan made under part D (other than a Federal Di-
8 rect PLUS Loan made on behalf of a dependent stu-
9 dent) shall include the following:

10 “(A) A notification that some students
11 may qualify for other financial aid that does not
12 need to be repaid, and an explanation that the
13 borrower should consider accepting any such
14 grant, scholarship, military tuition assistance,
15 veterans benefits, Federal or State work-study,
16 or other programs for which the borrower is eli-
17 gible, prior to accepting student loans.

18 “(B) An explanation of the use of the stu-
19 dent loan contract referred to in section 455(c).

20 “(C) A recommendation to the borrower to
21 exhaust the borrower’s Federal student loan op-
22 tions prior to taking out private education
23 loans, an explanation that Federal student
24 loans typically offer better terms and conditions
25 than private education loans, an explanation

1 that Federal student loans offer consumer pro-
2 tections typically not available in the private
3 education loan market, an explanation of treat-
4 ment of loans made under part D and private
5 education loans in bankruptcy, and an expla-
6 nation that if a borrower decides to take out a
7 private education loan—

8 “(i) the borrower has the ability to se-
9 lect a private educational lender of the bor-
10 rower’s choice;

11 “(ii) the proposed private education
12 loan may impact the borrower’s potential
13 eligibility for other financial assistance, in-
14 cluding Federal financial assistance under
15 this title; and

16 “(iii) the borrower has a right—

17 “(I) to accept the terms of the
18 private education loan within 30 cal-
19 endar days following the date on
20 which the application for such loan is
21 approved and the borrower receives
22 the required disclosure documents,
23 pursuant to section 128(e) of the
24 Truth in Lending Act (15 U.S.C.
25 1638(e)); and

1 “(II) to cancel such loan within 3
2 business days of the date on which the
3 loan is consummated, pursuant to sec-
4 tion 128(e)(7) of such Act (15 U.S.C.
5 33 1638(e)(7)).

6 “(D) An explanation of the importance of
7 contacting the appropriate offices at the institu-
8 tion of higher education if the student with-
9 draws prior to completing a program of study
10 so that the institution can provide exit coun-
11 seling, including information regarding the bor-
12 rower’s repayment options and loan consolida-
13 tion.

14 “(E) A general description of the terms
15 and conditions under which the student may ob-
16 tain forgiveness or cancellation of any principal
17 and interest of a loan issued under this title.

18 “(F) Information as to how the borrower
19 can access their loan records and the contact
20 information for inquiries regarding repaying the
21 loan.

22 “(G) The contact information for the fi-
23 nancial aid office, or other appropriate office, at
24 the institution that the borrower may contact if
25 the borrower has any questions about the bor-

1 rower’s rights and responsibilities or the terms
2 and conditions of the loan.

3 “(H) An explanation that the borrower has
4 the right to annually request a copy of the cred-
5 it report of the borrower from a consumer re-
6 porting agency pursuant to section 612(a) of
7 the Fair Credit Reporting Act (15 U.S.C.
8 1681j(a)).

9 “(I) An explanation that—

10 “(i) the borrower may be contacted
11 during the repayment period by a third-
12 party student debt relief company;

13 “(ii) the borrower should use caution
14 when dealing with such a company; and

15 “(iii) the services that such a com-
16 pany typically provides are offered to bor-
17 rowers free of charge through the Depart-
18 ment or the borrower’s servicer.

19 “(3) BORROWERS RECEIVING PARENT PLUS
20 LOANS FOR DEPENDENT STUDENTS.—The informa-
21 tion to be provided under paragraph (1)(A) to a bor-
22 rower of a Federal Direct PLUS Loan made on be-
23 half of a dependent student shall include the fol-
24 lowing:

1 “(A) A notification that some students
2 may qualify for other financial aid and an ex-
3 planation that the student for whom the bor-
4 rower is taking out the loan should consider ac-
5 cepting any such grant, scholarship, military
6 tuition assistance, veterans benefits, Federal or
7 State work-study jobs, or other programs for
8 which the student for whom the borrower is
9 taking out the loan is eligible, prior to bor-
10 rowing any Federal Direct PLUS Loan on be-
11 half of a dependent student.

12 “(B) The information described in sub-
13 paragraphs (B) through (I) of paragraph (2),
14 as applicable.

15 “(C) The circumstances under which a
16 borrower of a Federal Direct PLUS Loan made
17 on behalf of a dependent student may transfer
18 such loan to the student for whom the loan was
19 taken out.”.

20 **SEC. 403. EXIT COUNSELING.**

21 Section 485(b) (20 U.S.C. 1092(b)) is amended to
22 read as follows:

23 “(b) STUDENT LOAN EXIT COUNSELING.—

24 “(1) IN GENERAL.—

1 “(A) COUNSELING INCLUDED.—Each eligi-
2 ble institution shall provide counseling to bor-
3 rowers of loans made under part D (including
4 any such loans for attendance at another insti-
5 tution from which the student transferred or in
6 which the student had previously enrolled, other
7 than a Federal Direct Consolidation Loan)
8 prior to the completion of the course of study
9 for which the borrower enrolled at the institu-
10 tion or at the time of departure from such insti-
11 tution. The counseling required by this sub-
12 section shall be provided through the use of an
13 interactive program, during an exit counseling
14 session that is in-person or online, or through
15 the use of the online counseling tool described
16 in subsection (n)(1)(A), and shall include—

17 “(i) an explanation of the grace period
18 preceding repayment and the expected date
19 that the borrower will enter repayment;

20 “(ii) an explanation that the borrower
21 has the option to pay any interest that has
22 accrued while the borrower was in school
23 or that may accrue during the grace period
24 preceding repayment or during an author-
25 ized period of pause payment;

1 “(iii) the outstanding balance of prin-
2 cipal and interest owed by the borrower at
3 the time of such counseling on loans made,
4 insured, or guaranteed to the borrower
5 under this title;

6 “(iv) information on the repayment
7 plans available, including a description of
8 the different features of each plan and
9 sample information showing the average
10 anticipated monthly payments, and the dif-
11 ference in interest paid and total pay-
12 ments, under each plan;

13 “(v) a description of the borrower’s
14 options for pause payment under section
15 460B;

16 “(vi) a description of the Federal tax
17 benefits that may be available for repaying
18 loans made under this title;

19 “(vii) a description of the terms and
20 conditions under which the student may
21 obtain forgiveness or cancellation of any
22 principal and interest of a loan made
23 under this title;

24 “(viii) an explanation that the bor-
25 rower has the option to prepay each loan,

1 pay each loan on a shorter schedule, and
2 change repayment plans;

3 “(ix) the implications of, and options
4 to get out of, default on a loan;

5 “(x) information as to how the stu-
6 dent borrower can access their loan
7 records;

8 “(xi) an explanation that—

9 “(I) the borrower may be con-
10 tacted during the repayment period by
11 a third-party student debt relief com-
12 pany;

13 “(II) the borrower should use
14 caution when dealing with such a
15 company; and

16 “(III) the services that such a
17 company typically provides are offered
18 to borrowers free of charge through
19 the Department or the borrower’s
20 servicer; and

21 “(xii) an explanation that the bor-
22 rower has the right to annually request a
23 copy of the credit report of the borrower
24 from a consumer reporting agency pursu-

1 ant to section 612(a) of the Fair Credit
2 Reporting Act (15 U.S.C. 1681j(a)).

3 “(B) STUDENTS LEAVING WITHOUT PRIOR
4 NOTICE TO THE INSTITUTION.—In the case of
5 borrower who leaves an institution without the
6 prior knowledge of the institution, the institu-
7 tion shall attempt to provide the information
8 described in subparagraph (A) to the borrower
9 in online or in writing, except that in the case
10 of an institution using the online counseling
11 tool described in subsection (n)(1)(A), the Sec-
12 retary shall attempt to provide such information
13 to the borrower in the manner described in sub-
14 section (n)(3)(C).

15 “(2) INFORMATION TO BE SUBMITTED BY BOR-
16 ROWER.—

17 “(A) IN GENERAL.—Each eligible institu-
18 tion shall require that the borrower of a loan
19 made under part D submit to the institution,
20 during the exit counseling required by this sub-
21 section—

22 “(i) the borrower’s expected perma-
23 nent address after leaving the institution;

24 “(ii) the borrower’s most recent con-
25 tact information; and

1 “(iii) any corrections in the institu-
2 tion’s records relating the borrower’s
3 name, social security number, and driver’s
4 license number, as applicable.

5 “(B) INFORMATION TO BE PROVIDED TO
6 THE SECRETARY.—Each eligible institution
7 shall, not later than 60 days after the date of
8 collection of the information described in sub-
9 paragraph (A), forward the information re-
10 ceived from the borrower to the Secretary.

11 “(C) RULE OF CONSTRUCTION.—Nothing
12 in this subsection shall be construed to prohibit
13 an institution of higher education from utilizing
14 electronic means to provide personalized exit
15 counseling.”.

16 **SEC. 404. ONLINE COUNSELING TOOLS.**

17 Section 485 (20 U.S.C. 1092), as amended by this
18 Act, is further amended by adding at the end the fol-
19 lowing:

20 “(n) ONLINE COUNSELING TOOLS.—

21 “(1) IN GENERAL.—Beginning not later than 1
22 year after the date of enactment of the Affordable
23 Loans for Any Student Act, the Secretary shall
24 maintain—

1 “(A) an online counseling tool that pro-
2 vides the exit counseling required under sub-
3 section (b) and meets the applicable require-
4 ments of this subsection; and

5 “(B) an online counseling tool that pro-
6 vides the counseling required under subsection
7 (1), enables a borrower to electronically sign and
8 accept the borrower’s student loan contract,
9 and meets the applicable requirements of this
10 subsection.

11 “(2) REQUIREMENTS OF TOOLS.—In maintain-
12 ing the online counseling tools described in para-
13 graph (1), the Secretary shall ensure that each such
14 tool, and its underlying content—

15 “(A) are consumer tested, in consultation
16 with other relevant Federal agencies, students,
17 borrowers, institutions of higher education, sec-
18 ondary school and postsecondary counselors,
19 and consumer advocacy organizations, to ensure
20 that the tool is effective in helping individuals
21 understand their rights and obligations with re-
22 spect to borrowing a loan made under part D;

23 “(B) are understandable to borrowers of
24 loans made under part D;

1 “(C) are freely available to all eligible in-
2 stitutions; and

3 “(D) integrate applicable loan data from
4 the National Student Loan Data System or a
5 successor system, including data regarding
6 loans made, insured, or guaranteed under this
7 title and data regarding private education
8 loans, pursuant to section 485B(i).

9 “(3) RECORD OF COUNSELING COMPLETION.—
10 The Secretary shall—

11 “(A) use each online counseling tool de-
12 scribed in paragraph (1) to—

13 “(i) keep a record of which individuals
14 have received counseling using the tool;
15 and

16 “(ii) notify the applicable institutions
17 of the individual’s completion of such coun-
18 seling;

19 “(B) in the case of a borrower who re-
20 ceives counseling for a loan made under part D
21 using the tool described in paragraph (1)(B)—

22 “(i) enable the borrower to accept and
23 electronically sign the student loan con-
24 tract as required under section
25 455(c)(3)(B)(ii), and notify the applicable

1 institutions that the individual completed
2 the counseling and electronically signed the
3 contract; and

4 “(ii) if the borrower chooses not to
5 sign the student loan contract through the
6 online counseling tool—

7 “(I) inform the borrower,
8 through the online counseling tool, of
9 the date by when the borrower should
10 accept and sign the student loan con-
11 tract for which the borrower has re-
12 ceived such counseling; and

13 “(II) notify the applicable insti-
14 tution that the borrower completed
15 the counseling but did not sign the
16 student loan contract; and

17 “(C) in the case of a borrower described in
18 subsection (b)(1)(B) at an institution that uses
19 the online counseling tool described in para-
20 graph (1)(A) of this subsection, attempt to pro-
21 vide the information described in subsection
22 (b)(1)(A) to the borrower through such tool.”.

1 **SEC. 405. PRIVATE EDUCATION LOAN CERTIFICATION AND**
2 **INFORMATION.**

3 (a) AMENDMENTS TO THE HIGHER EDUCATION ACT
4 OF 1965.—

5 (1) IN GENERAL.—Section 487(a) (20 U.S.C.
6 1094(a)) is amended by striking paragraph (28) and
7 inserting the following:

8 “(28)(A) The institution shall—

9 “(i) upon the request of a private edu-
10 cational lender, acting in connection with an ap-
11 plication initiated by a borrower for a private
12 education loan in accordance with section
13 128(e)(3) of the Truth in Lending Act, provide
14 certification to such private educational lend-
15 er—

16 “(I) that the student who initiated the
17 application for the private education loan,
18 or on whose behalf the application was ini-
19 tiated, is enrolled or is scheduled to enroll
20 at the institution;

21 “(II) of such student’s cost of attend-
22 ance at the institution as determined under
23 part F; and

24 “(III) of the difference between—

25 “(aa) the cost of attendance at
26 the institution; and

1 “(bb) the student’s estimated fi-
2 nancial assistance received under this
3 title and other assistance known to
4 the institution, as applicable; and

5 “(ii) provide the certification described in
6 clause (i), or notify the private educational
7 lender that the institution has received the re-
8 quest for certification and will need additional
9 time to comply with the certification request—

10 “(I) within 15 business days of receipt
11 of such certification request; and

12 “(II) only after the institution has
13 completed the activities described in sub-
14 paragraph (B).

15 “(B) The institution shall, upon receipt of a
16 certification request described in subparagraph
17 (A)(i), and prior to providing such certification—

18 “(i) determine whether the student who
19 initiated the application for the private edu-
20 cation loan, or on whose behalf the application
21 was initiated, has applied for and exhausted the
22 Federal financial assistance available to such
23 student under this title and inform the student
24 accordingly; and

1 “(ii) provide the borrower whose loan ap-
2 plication has prompted the certification request
3 by a private education lender, as described in
4 subparagraph (A)(i), with the following infor-
5 mation and disclosures:

6 “(I) If the borrower has not yet ex-
7 hausted the financial assistance available
8 to the borrower under this title, the
9 amount of additional Federal student as-
10 sistance for which the borrower is eligible
11 and the potential advantages of Federal
12 loans under this title, including disclosure
13 of—

14 “(aa) the fixed interest rates and
15 pause payment processes;

16 “(bb) the option for and terms of
17 income-based repayment, loan forgive-
18 ness programs, and additional protec-
19 tions; and

20 “(cc) the higher student loan lim-
21 its for dependent students whose par-
22 ents are not eligible for a Federal Di-
23 rect PLUS Loan.

1 “(II) The borrower’s ability to select a
2 private educational lender of the bor-
3 rower’s choice.

4 “(III) The impact of a proposed pri-
5 vate education loan on the borrower’s po-
6 tential eligibility for other financial assist-
7 ance, including Federal financial assistance
8 under this title.

9 “(IV) The borrower’s right to accept
10 or reject a private education loan within
11 the 30-day period following a private edu-
12 cational lender’s approval of a borrower’s
13 application, and a borrower’s 3-day right
14 to cancel period under section 128(e)(7) of
15 the Truth in Lending Act (15 U.S.C.
16 1650(e)(7)).

17 “(C) For purposes of this paragraph, the terms
18 ‘private educational lender’ and ‘private education
19 loan’ have the meanings given such terms in section
20 140 of the Truth in Lending Act (15 U.S.C.
21 1650).”.

22 (2) NATIONAL STUDENT LOAN DATA SYSTEM.—
23 Section 485B (20 U.S.C. 1092b) is amended—

24 (A) in subsection (a), by striking “and
25 loans made under parts D and E” and insert-

1 ing “, loans made under parts D and E, and
2 private education loans (in accordance with sub-
3 section (i))”;

4 (B) in subsection (g), in the subsection
5 heading, by inserting “FOR FEDERAL LOANS”
6 after “DATA REPORTING”; and

7 (C) by adding at the end the following:

8 “(j) PRIVATE EDUCATION LOAN REPORTING.—The
9 Secretary shall include in the National Student Loan Data
10 System the information regarding private education loans
11 that the Director of the Consumer Financial Protection
12 Bureau, in coordination with the Secretary, determines
13 necessary to be included pursuant to section
14 128(e)(9)(B)(ii) of the Truth in Lending Act (15 U.S.C.
15 31 1638(e)(9)(B)(ii)).”.

16 (3) EFFECTIVE DATE.—The amendments made
17 by paragraphs (1) and (2) shall take effect on the
18 effective date of the regulations described in sub-
19 section (b)(3).

20 (b) AMENDMENTS TO THE TRUTH IN LENDING
21 ACT.—

22 (1) IN GENERAL.—Section 128(e) of the Truth
23 in Lending Act (15 U.S.C. 1638(e)) is amended—

24 (A) by striking paragraph (3) and insert-
25 ing the following:

1 “(3) INSTITUTIONAL CERTIFICATION RE-
2 QUIRED.—

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), before a private educational
5 lender may issue any funds with respect to a
6 private education loan, the private educational
7 lender shall obtain, from the relevant institution
8 of higher education where such loan is to be
9 used for a student, a certification in accordance
10 with section 485(a)(28)(A) of the Higher Edu-
11 cation Act of 1965 (20 U.S.C.
12 1094(a)(28)(A))—

13 “(i) confirming that the student is en-
14 rolled or is scheduled to be enrolled at the
15 institution; and

16 “(ii) stating—

17 “(I) the student’s cost of attend-
18 ance at the institution, as determined
19 by the institution under part F of title
20 IV of the Higher Education Act of
21 1965 (20 U.S.C. 1087kk et seq.); and

22 “(II) the difference between—

23 “(aa) such cost of attend-
24 ance; and

1 “(bb) the student’s esti-
2 mated financial assistance, in-
3 cluding such assistance received
4 under title IV of the Higher Edu-
5 cation Act of 1965 (20 U.S.C.
6 1070 et seq.) and other financial
7 assistance known to the institu-
8 tion, as applicable.

9 “(B) TIMING.—Pursuant to section
10 485(a)(28)(A) of the Higher Education Act of
11 1965 (20 U.S.C. 1094(a)(28)(A)), a private
12 education lender shall receive the certification
13 described in subparagraph (A) within 15 days
14 of a request by the private education lender,
15 unless the institution of higher education noti-
16 fies the private educational lender pursuant to
17 section 485(a)(28)(A)(ii) of such Act that addi-
18 tional time is needed.

19 “(C) ADDITIONAL REQUIREMENTS.—Upon
20 receiving the certification described in subpara-
21 graph (A) for a private education loan, the pri-
22 vate educational lender—

23 “(i) may proceed to issue funds with
24 respect to the private education loan; and

1 “(ii) after issuing the private edu-
2 cation loan, shall—

3 “(I) notify the institution of
4 higher education involved that the pri-
5 vate education loan has been issued to
6 the borrower, and the amount of such
7 loan; and

8 “(II) provide the Director of the
9 Consumer Financial Protection Bu-
10 reau and the Secretary of Education
11 with the information described in
12 paragraph (9)(B).”.

13 (B) by redesignating paragraphs (9), (10),
14 and (11), as paragraphs (10), (11), and (12),
15 respectively; and

16 (C) by inserting after paragraph (8) the
17 following:

18 “(9) PROVISION OF INFORMATION.—

19 “(A) PROVISION OF INFORMATION TO BOR-
20 ROWERS.—

21 “(i) LOAN STATEMENTS.—A private
22 educational lender that issues any funds
23 with respect to a private education loan
24 shall—

1 “(I) send loan statements, if the
2 loan is to be used for a student, to
3 borrowers of the funds not less than
4 once every 3 months during the time
5 that the student is enrolled at an in-
6 stitution of higher education; and

7 “(II) in the case of a private edu-
8 cation loan that includes a cosigner,
9 annually send a loan statement to the
10 borrower’s cosigner, notifying the co-
11 signer of the terms, conditions, and
12 status of such private education loan.

13 “(ii) CONTENTS OF LOAN STATE-
14 MENT.—Each statement described in
15 clause (i) shall—

16 “(I) report the borrower’s total
17 remaining debt to the private edu-
18 cational lender, including accrued but
19 unpaid interest and capitalized inter-
20 est;

21 “(II) report any debt increases
22 since the last statement; and

23 “(III) list the current interest
24 rate for each loan.

1 “(B) PROVISION OF INFORMATION TO
2 FEDERAL AGENCIES.—

3 “(i) INFORMATION FROM LENDER.—

4 Each private educational lender shall—

5 “(I) submit to the Director of the
6 Consumer Financial Protection Bu-
7 reau and the Secretary of Education
8 such information regarding a private
9 education loan as may be determined
10 necessary by the Director and the
11 Secretary under clause (ii) for inclu-
12 sion in the National Student Loan
13 Data System under section 485B(i) of
14 the Higher Education Act of 1965 (20
15 U.S.C. 1092b(i)); and

16 “(II) prepare and submit an an-
17 nual report to the Consumer Finan-
18 cial Protection Bureau regarding the
19 private education loans issued by the
20 private educational lender.

21 “(ii) PROMULGATION OF REGULA-
22 TIONS.—Not later than 1 year after the
23 date of enactment of the Affordable Loans
24 for Any Student Act, the Director of the
25 Consumer Financial Protection Bureau, in

1 coordination with the Secretary of Edu-
2 cation, shall promulgate regulations re-
3 garding the private education loan infor-
4 mation required to be submitted under
5 clause (i), including the content, method,
6 and format for submission. The informa-
7 tion required for inclusion in the National
8 Student Loan Data System shall include—
9 “(I) information identifying the
10 borrower, including the borrower’s
11 name and social security number;
12 “(II) the name of the institution
13 of higher education that has certified
14 the private education loan;
15 “(III) the name of the lender;
16 “(IV) the amount of the private
17 education loan;
18 “(V) the term, or other enroll-
19 ment period, for which the private
20 education loan is issued; and
21 “(VI) whether a cosigner was re-
22 quired as a condition of the private
23 education loan.”.

1 (2) DEFINITION OF PRIVATE EDUCATION
2 LOAN.—Section 140(a)(8)(A) of the Truth in Lend-
3 ing Act (15 U.S.C. 1650(a)(8)(A)) is amended—

4 (A) by redesignating clause (ii) as clause
5 (iii);

6 (B) in clause (i), by striking “and” after
7 the semicolon; and

8 (C) by adding after clause (i) the following:

9 “(ii) is not made, insured, or guaran-
10 teed under title VII or title VIII of the
11 Public Health Service Act (42 U.S.C. 292
12 et seq. and 296 et seq.); and”.

13 (3) REGULATIONS.—

14 (A) IN GENERAL.—Not later than 1 year
15 after the date of enactment of this Act, the Di-
16 rector of the Consumer Financial Protection
17 Bureau, in coordination with the Secretary of
18 Education, shall promulgate regulations to im-
19 plement paragraphs (3) and (9) of section
20 128(e) of the Truth in Lending Act (15 U.S.C.
21 1638(e)), as amended by paragraph (1) of this
22 subsection.

23 (B) EFFECTIVE DATE.—The regulations
24 promulgated under subparagraph (A) shall take

1 effect on the date that is 180 days after the
2 date on which the regulations are promulgated.

3 **TITLE V—EFFECTIVE DATE;**
4 **TRANSITION; IMPLEMENTATION**

5 **SEC. 501. EFFECTIVE DATE; RULEMAKING REGARDING TER-**
6 **MINATION OF CERTAIN REPAYMENT PLANS;**
7 **IMPLEMENTATION.**

8 (a) EFFECTIVE DATE.—Except as otherwise specifi-
9 cally provided, this Act, and the amendments made by this
10 Act, shall take effect on July 1, 2022.

11 (b) APPLICABILITY WITH RESPECT TO FORBEAR-
12 ANCE AND DEFERMENT FOR DIRECT LOAN BOR-
13 ROWERS.—With respect to any borrower of a loan under
14 part D of title IV of the Higher Education Act of 1965
15 (20 U.S.C. 1087a et seq.) that is, or has been, in forbear-
16 ance or deferment as of the day before the effective date
17 described in subsection (a), the Secretary shall take such
18 steps as are necessary—

19 (1) to transfer a borrower with a loan in for-
20 bearance or deferment as of such day automatically
21 into relief provided under the pause payment process
22 established under section 460B of such Act (as
23 amended by this Act); and

24 (2) to ensure that the period of time for which
25 a borrower is eligible for pause payment under such

1 section 460B for a loan is appropriately reduced to
2 account for any time the loan was previously in for-
3 bearance or deferment.

4 (c) REGULATIONS.—Before the effective date de-
5 scribed in subsection (a), the Secretary of Education shall
6 carry out a plan to end all eligibility for repayment plans
7 other than a fixed repayment plan described in section
8 493E of the Higher Education Act of 1965, as added by
9 this Act, and an income-based repayment plan under sec-
10 tion 493C(c) of such Act (20 U.S.C. 1098e(f)) for loans
11 made under part B or D of title IV of such Act, unless
12 the borrower is enrolled in another repayment plan before
13 such effective date, in accordance with the amendments
14 made by this Act.

15 (d) IMPLEMENTATION.—In carrying out the amend-
16 ments made by this Act, or any regulations promulgated
17 under this Act, the Secretary of Education may waive the
18 application of—

19 (1) subchapter I of chapter 35 of title 44,
20 United States Code (commonly known as the “Pa-
21 perwork Reduction Act”);

22 (2) the master calendar requirements under
23 section 482 of the Higher Education Act of 1965
24 (20 U.S.C. 1089);

1 (3) negotiated rulemaking under section 492 of
2 the Higher Education Act of 1965 (20 U.S.C.
3 1098a); and

4 (4) the requirement to publish the notices re-
5 lated to the system of records of the agency before
6 implementation required under paragraphs (4) and
7 (11) of section 552a(e) of title 5, United States
8 Code (commonly known as the “Privacy Act of
9 1974”).